



HOULIHAN LOKEY

HUMAN CAPITAL MANAGEMENT

INDUSTRY UPDATE | FALL 2021



Houlihan Lokey Human Capital Management

Houlihan Lokey is pleased to present its Human Capital Management (HCM) Industry Update.

Once again, we are happy to share industry insights, a public markets overview, a snapshot of relevant macroeconomic indicators, transaction announcements, and related detail. We believe this newsletter will provide you with the most important and relevant information you need to stay up to date with the HCM industry.

If there is additional content that you would find useful for future updates, please do not hesitate to contact us with your suggestions.

Regards,



Thomas Bailey
Managing Director
TBailey@HL.com
404.495.7056



Andrew Shell
Senior Vice President
AShell@HL.com
404.495.7002



Pat O'Brien
Vice President
POBrien@HL.com
404.495.7042



Jon Harrison
Managing Director
JHarrison@HL.com
+44 (0) 20 7747 7564

HCM Team and Additional Contacts

Alex Scott—Associate
AScott@HL.com
404.926.1609

Will Mahaffey—Analyst
WMahaffey@HL.com
404.495.7034

Larry DeAngelo—Head of Business Services
LDeAngelo@HL.com
404.495.7019

Bennett Tullos—Associate
BTullos@HL.com
404.926.1619

Sean DeLaney—Analyst
SDeLaney@HL.com
404.926.1615

R.B. McCutcheon—Senior Vice President
RMCutcheon@HL.com
404.495.7059

Mike Bertram—Associate
MBertram@HL.com
404.495.7040

Elizabeth Feldman—Analyst
EFeldman@HL.com
404.926.1637

John Quirk—Associate
JQuirk@HL.com
404.926.1621

Rebecca Tinkler—Analyst
RTinkler@HL.com
404.926.1636

Human Capital Management—Coverage by Subsector

Staffing and Recruitment

VMS/MSP/RPO

Talent Management and Development

Payroll/PEO

HR Consulting/Benefits Admin

Select Advised Transactions

ettaingroup
a portfolio company of
A&M CAPITAL PARTNERS
has been acquired by
ManpowerGroup
Sellside Advisor

Funds managed by affiliates of
APOLLO
has acquired
EMPLOYBRIDGE
Buy-side Advisor

avaap
a portfolio company of
INFOR BUSINESS UNIT
has been acquired by
NMS | CAPITAL
ASGN Incorporated
Sellside Advisor

The Planet Group
a portfolio company of
MID OCEAN
has merged with
PERFORMANCE
a portfolio company of
AVANTAGE
Sellside Advisor

execu|search
a portfolio company of
HERITAGE
has been acquired by
MILL ROCK
Sellside Advisor

himaging
a portfolio company of
BPOC
has been acquired by
Omega Healthcare
a portfolio company of
THE EVERSTONE GROUP
Sellside Advisor

exadel
has been acquired by an affiliate of
SUN CAPITAL PARTNERS, INC.
Sellside Advisor

Magenic
has been acquired by
Cognizant
Sellside Advisor

tin roof
a portfolio company of
ASH
has been acquired by
Cognizant
Sellside Advisor

AVEDON
has sold its majority stake in
OLYMPIA
to Management and
Morgan Stanley
INVESTMENT MANAGEMENT
Sellside Advisor

GLOBAL
a portfolio company of
TZP
has been acquired by
ettaingroup
a portfolio company of
A&M CAPITAL PARTNERS
Sellside Advisor

ettaingroup
a portfolio company of
NMS CAPITAL
has been acquired by
A&M CAPITAL PARTNERS
Sellside Advisor

ingeus
the Workforce Development Services division of
PROSPERITY SOURCE SOLUTIONS
has been acquired by
APM
Sellside Advisor

ELIASSEN GROUP
a portfolio company of
Riverside PARTNERS
has been acquired by
STONE POINT CAPITAL
Sellside Advisor

CDI Corporation
a portfolio company of
ae Industrial Partners
has divested
CDI Talent & Technology Solutions
to
ARTECH
Sellside Advisor

TPGS
has been acquired by
system one
a portfolio company of
THL Thomas H. Lee Partners
Sellside Advisor

No. 1 M&A Advisor

For Six Straight Years
All U.S. Transactions

As one of the market's leading business services advisory firm, Houlihan Lokey has more than 60 dedicated business services professionals throughout the United States and internationally to match the global needs of its clients.

2020 M&A Advisory Rankings All U.S. Business Services Transactions

Advisor	Deals
1 Houlihan Lokey	17
2 Generational Equity	13
2 Jefferies LLC	13
4 JP Morgan	12
4 Evercore Partners	12

Source: Refinitiv (formerly known as Thomson Reuters)

2019 M&A Advisory Rankings All U.S. Business Services Transactions

Advisor	Deals
1 Houlihan Lokey	24
2 Raymond James Financial Inc	13
2 Lincoln International	13
4 Generational Equity	12
5 William Blair & Co	10

Source: Refinitiv (formerly known as Thomson Reuters)

2018 M&A Advisory Rankings All U.S. Business Services Transactions

Advisor	Deals
1 Houlihan Lokey	19
2 Goldman Sachs & Co	15
3* Raymond James Financial Inc	13
3* Jefferies LLC	13
5 Harris Williams & Co	12

Source: Thomson Reuters.
* Denotes tie

HOULIHAN LOKEY

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Houlihan Lokey is the trusted advisor to more top decision-makers than any other independent global investment bank.

Our clients benefit from our local presence and global reach.

North America

Atlanta
Boston
Chicago
Dallas
Houston
Los Angeles
Miami
Minneapolis
New York
San Francisco
Washington, D.C.

Europe and Middle East

Amsterdam
Dubai
Frankfurt
London
Madrid
Milan
Paris

Asia-Pacific

Beijing
Hong Kong
Singapore
Sydney
Tokyo

Achievements

- No. 1 M&A Advisor for All U.S. Transactions (2015–2020)—Refinitiv
- Top 10 Most Active Global M&A Advisor (2015–2020)—Refinitiv
- Ranked Top 10 in Vault.com's Best Places to Work in Investment Banking (2021)
- No.1 Global Investment Banking Restructuring Advisor (2010–2020)—Refinitiv
- No.1 Global M&A Fairness Opinion Advisor Over the Past 20 Years (2020)—Refinitiv
- No. 1 U.S. Private Equity M&A Advisor Since 2014—PitchBook.com

Select Houlihan Lokey M&A Transactions



a portfolio company of



has been acquired by



Sellside Advisor

ettain group (ettain), one of the largest IT resourcing and services providers in North America, delivers talent solutions across its technology, healthcare IT, digital, professional, and government practice areas. Founded in 1996, ettain has 28 offices located in 24 key regions across North America and is consistently recognized as a leader in the space. ettain is a proud recipient of ClearlyRated's Best of Staffing Diamond Award for both client and talent satisfaction for 10 consecutive years.

ManpowerGroup (Manpower), a leading global workforce solutions company, helps organizations transform in a fast-changing world of work by sourcing, assessing, developing, and managing the talent that enables them to win.

Houlihan Lokey served as the exclusive financial advisor to ettain group and A&M Capital Partners.

October 2021

Funds managed by affiliates of



has acquired



Buyside Advisor

EmployBridge provides value-added workforce solutions and job opportunities through focused specialty divisions, including ResourceMFG, ProLogistix, ProDrivers, Select, RemX, Remedy Intelligent Staffing, Westaff and Decca, Resdin, and Vaughan. Combining the advantages of national scale, in-depth local market knowledge, supply-chain expertise, and powerful recruiting and retention tools, EmployBridge is recognized by Staffing Industry Analysts as America's largest industrial staffing firm. The company puts more than 400,000 temporary associates to work annually across a network of more than 365 offices in 48 states.

Apollo is a high-growth, global alternative asset manager. It seeks to provide excess return at every point along the risk-reward spectrum from investment grade to private equity with a focus on three business strategies: yield, hybrid, and opportunistic.

Houlihan Lokey served as the financial advisor to Apollo.

July 2021



innovation | solutions | outcomes

INFOR BUSINESS UNIT

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Sellside Advisor

Avaap is a KLAS-recognized, industry-focused, cross-platform management and technology consulting firm known for delivering strategic technology solutions and exceptional customer experiences. With offices across the U.S. and around the world, Avaap has deep expertise in healthcare, higher education, government, and manufacturing, among other industries. The Infor business unit has helped organizations successfully implement Infor solutions for more than 15 years and gained recognition for ERP implementation leadership as a five-time Infor Partner of the Year recipient.

ASGN Incorporated (NYSE:ASGN) is one of the foremost providers of IT and professional services in the technology, digital, creative, engineering, and life sciences fields.

Houlihan Lokey served as the exclusive financial advisor to Avaap and NMS Capital.

June 2021

Select Houlihan Lokey M&A Transactions (cont.)



a portfolio company of



has merged with



a portfolio company of



Sellside Advisor

May 2021

The Planet Group provides high-value outsourced global workforce solutions and consulting services to Fortune 500 and other top companies across several fast-growth sectors. Its family of nine entities was built to address the professional services needs of leading companies in the life sciences, diversified energy, engineering, financial, healthcare, technology, and digital marketing sectors.

ProPharma Group is the leading global, independent, single-source provider of outsourced regulatory, compliance, pharmacovigilance, and medical information services serving pharmaceutical, biotechnology, and medical device companies.

Houlihan Lokey served as the financial advisor to The Planet Group and MidOcean Partners.



a portfolio company of



has been acquired by



Sellside Advisor

March 2021

The Execu|Search Group (TESG), a portfolio company of New Heritage Capital, is a full-service recruitment firm that provides temporary staffing, permanent placement, and workforce management solutions to blue-chip clients across a number of attractive end markets. Through continued execution of both organic and inorganic growth initiatives, TESG has significantly outperformed the staffing and recruitment market over the past decade and has become a leader in the space.

Mill Rock Capital is a growth- and operations-oriented private investment firm that invests in North American, middle-market businesses. Founded in 2018, Mill Rock Capital primarily invests in businesses across the services, chemicals, materials and packaging, industrial distribution, metals, transportation and logistics, and specialty manufacturing industries.

Houlihan Lokey served as the exclusive financial advisor to TESG.



a portfolio company of



has been acquired by



a portfolio company of



Sellside Advisor

March 2021

himagine offers the industry's largest scalable HIM platform of outsourced medical coding, audit, registry management, and clinical documentation solutions to hospitals, health systems, and hospital-owned and independent physician groups nationwide. himagine's services are purpose-built to address the growing need for outsourced HIM solutions that enhance the revenue cycles and quality of care of the company's customers.

Omega Healthcare is a leader in the U.S. healthcare services space. Headquartered in Boca Raton, Florida, it has a global delivery footprint with offices in Bengaluru, Chennai, Trichy, and Hyderabad in India, and Manila and Cebu in the Philippines. Omega Healthcare delivers technology- and analytics-enabled solutions to providers, payers, and pharmaceutical companies.

Houlihan Lokey served as the exclusive financial advisor to himagine.

HCM Spotlight: Widening Skills Gap Causing Talent Crunch

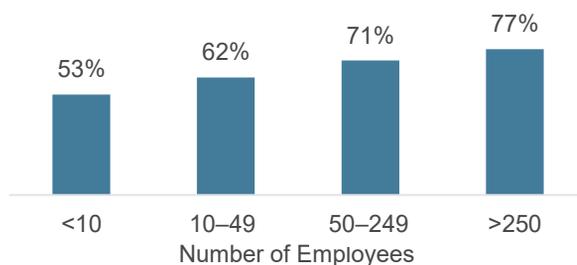
Tighter Labor Markets as Skills and In-Demand Profiles Continue to Evolve, Causing Talent Shortage

The COVID-19 pandemic has materially impacted the employment landscape to the advantage of firms providing HCM services. The talent gap in the U.S. has expanded significantly, with 70% of employers facing difficulties in hiring compared to 14% in 2010.⁽¹⁾ With intended hiring at record levels, the gap between openings and hirings has more than doubled, from 1.9 million at the end of 2020 to 4.3 million in July 2021.⁽²⁾ **Larger companies, even with an access to a wider applicant pool, are finding it particularly challenging to fill open roles.** This is due to requirements for specific, more complex skills and lengthier hiring processes.

Increasing Gap Between Openings and Hires⁽²⁾



Difficulty Filling Roles by Company Size⁽¹⁾



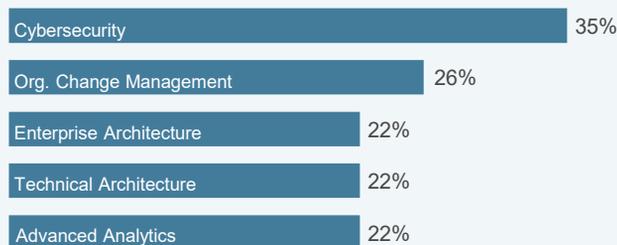
The U.S. tech industry faces a massive talent crunch as companies seek to accelerate digital transformation initiatives. To keep up with an increasingly remote workforce, companies are prioritizing **hiring talent across cloud, cybersecurity, and data services**. Consequently, IT staffing firms are experiencing significant tailwinds, in terms of both pricing and volume. **This reflects increasing buyer interest in the industry, with IT staffers accounting for a quarter of all staffing M&A through September this year.**

The push toward remote work and the **fast tracking of years worth of digital transformation has exacerbated the talent shortage**, particularly for solutions enabling **cloud, automation, and uninterrupted delivery**.

Resilience and critical IT infrastructure are key priorities, with a focus on moving to the cloud. **This requires greater security, with enterprises adopting a zero-trust approach.** The race to adoption for emerging technologies like AI/ML has further driven demand for advanced data analysts.

Select Areas of Skill Shortages⁽³⁾

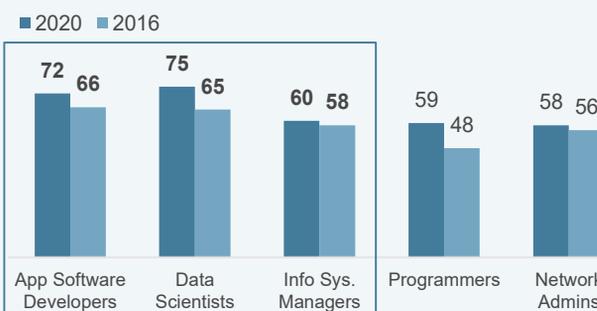
% of Respondents Citing a Shortage in the Skillset



The current skill gap is further illustrated by longer durations in filling positions. **Employers are finding it increasingly hard to find qualified candidates; in spite of access to more applicants, hiring processes are being elongated.** The main impediment to quicker hiring is a dearth of qualified candidates, as there is currently just a large number of applicants.

Average time to fill increased from **66 and 65 days in 2016 to 72 and 75 days in 2020 for app developers and data scientists, respectively.**⁽⁴⁾

Average Time to Fill Positions (Days)⁽⁴⁾



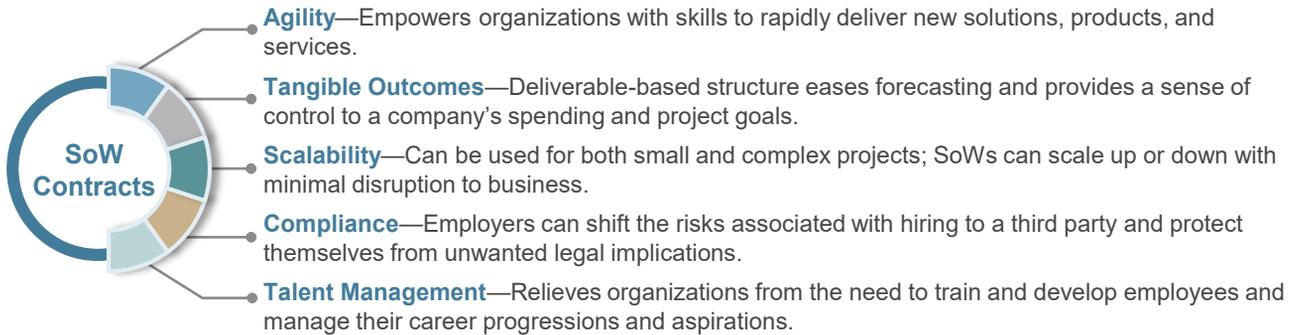
(1) ManpowerGroup U.S. Employment Outlook Survey 2021; (2) Bureau of Labor Statistics; (3) Harvey Nash KPMG CIO Survey 2020; (4) ICIMS 2021 Workforce Report and 2019 Benchmark Report.

HCM Spotlight: Evolving Statements of Work (SoWs) Drive Efficiencies

Companies Increasingly Turn Toward SoW Engagements in an Ever-Changing Employment Landscape

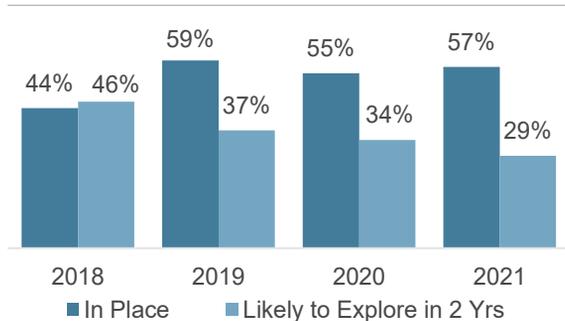
The global economy is going through a major digital transformation, which has increased the demand for specialized expertise in the IT sector. Companies are increasingly utilizing consultants operating under SoWs as the go-to option to access talent, minimize skill gaps, and meet increased demand. SoWs help organizations gain access to specialist skills, technologies, and processes, with less scaling time and cost impact than traditional temporary employees. SoW contracts have proven to be a useful tool during times when budgets and future projects are highly unpredictable.

SoW Benefits and Attractions

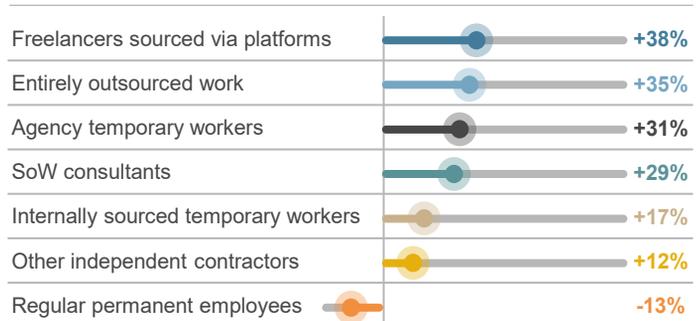


In 2019, businesses worldwide **spent about \$523 billion on SoWs, up 5.4% from \$496 billion in 2018.**⁽¹⁾ According to a recent survey, 57.0% of respondents said they already have SoW consultants incorporated in their contingent workforce program and another **29.0%** were seriously **considering adding SoW consultants** to their CW program within the next two years.⁽²⁾ In the changing employment landscape, SoW consultants are expected to increase by 29.0% over the next 10 years.

SoW Adoption (% respondents)⁽²⁾



Change in Employee Types Over Next 10 Years⁽²⁾



SoW contracts are generally of three types: **design and detail** (generally used in construction and manufacturing), **outcome-based**, and **time and materials/unit rate**. Outcome-based SoWs focus on the final deliverables and are widely used in the IT services space. SoWs based on time and materials (T&M) outline the hourly service and materials required for the project. T&M SoWs are increasingly being used over outcome-based ones.

Benefits of T&M-Based SoWs

Brings transparency to the delivery process where the consultants collaborate with the client teams on a regular basis.

If an issue is encountered, it is addressed in collaboration with the client rather than a silo of only consultants.

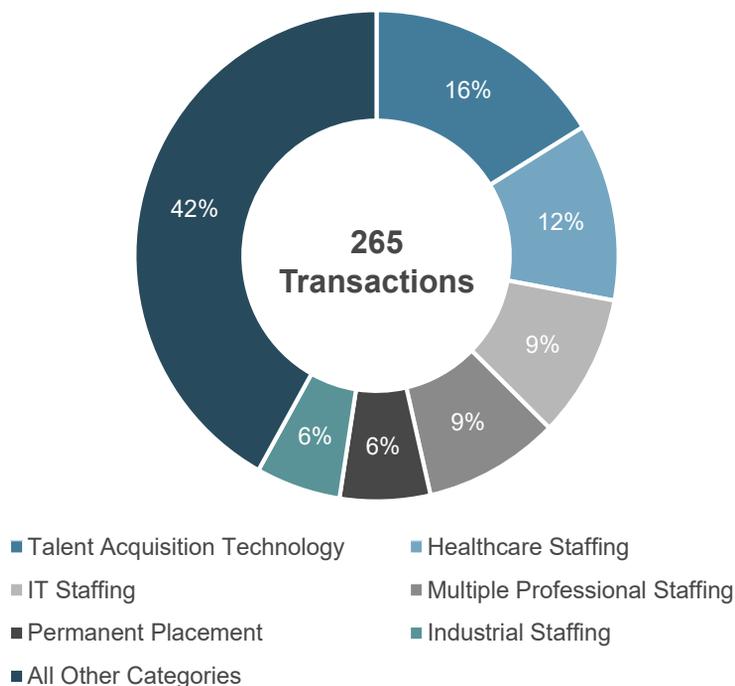
Ongoing interaction gives the client an opportunity to shift priorities on a real-time basis, as T&M projects facilitate simpler change order processes.

(1) "Global SoW spend exceeds \$500 billion" CWS 3.0 (July 1, 2020).

(2) Workforce Solutions Buyer Surveys 2021, 2020, 2019, 2018, Staffing Industry Analysts.

HCM M&A Activity

YTD September 2021 HCM Transactions by Category



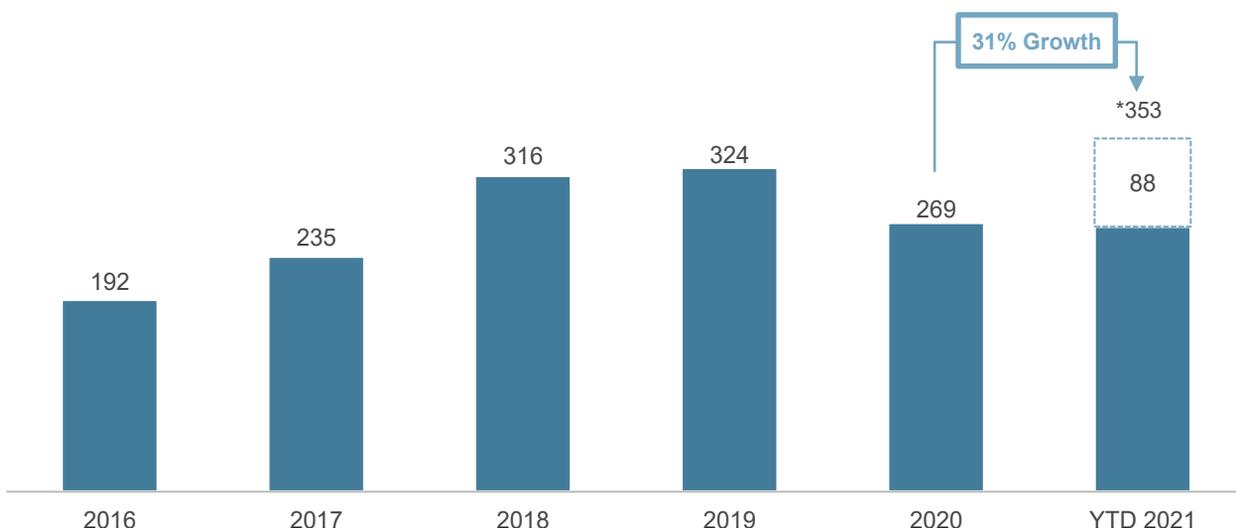
2021 thus far has seen significant transaction volumes as valuations are elevated above historical norms. Leading the pack of HCM transactions are firms providing talent acquisition technology. This segment is experiencing significant tailwinds as companies have adjusted their hiring practices during the pandemic.

Information technology and healthcare follow closely behind as the next most active sectors with a combined 56 transactions YTD 2021. Other professional staffing assets (i.e., F&A and creative) are also continuing to experience strong demand.

Yearly HCM Transaction Volume

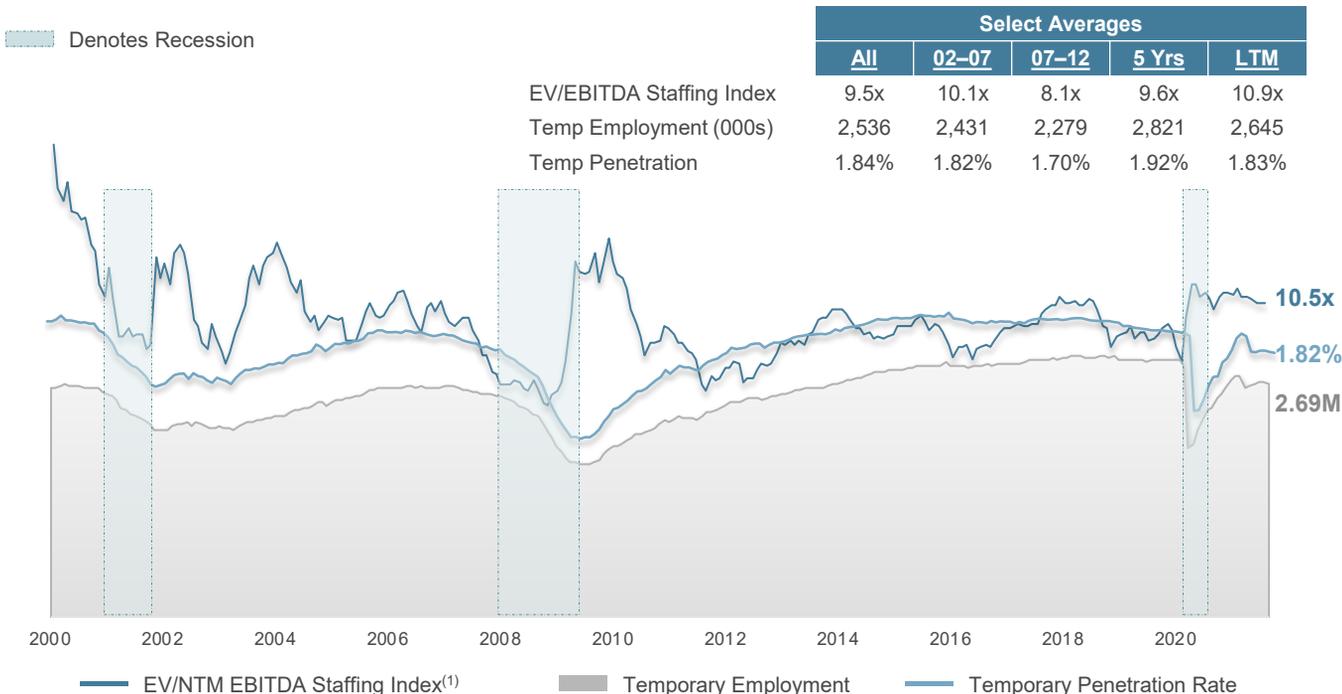
Between 2016 and 2020, M&A activity across the HCM sector averaged 267 transactions per year. Through YTD September 2021, there have been 265 transactions. 2021 annualized transactions of 353 represent an increase of 31% compared to 2020.

Companies with a strong growth profile, dedicated management team, and diversified yet entrenched customer base are highly sought after by both financial and strategic buyers.



Sources: S&P Capital IQ, Staffing Industry Analysts, Mergermarket, public company filings, press releases.
 Note: Represents global M&A activity.

Historical Performance and 2021 Trends



Following the volatility in temporary employment in the U.S. in 2020 due to the varied responses to COVID-19, key indicators in 2021 have largely stabilized.

The U.S. temporary penetration rate settled at 1.82% in September 2021, below its average of 1.84% since 2000. Nonfarm employment rose by just 194,000 jobs in September, signaling a slowdown to the recovery made since the beginning of the year. In recent years, many continental European countries have seen temporary staffing penetration rates well into the double digits. However, these rates have softened in recent quarters for many countries. While the labor market of each country may differ in key ways, we view the relatively lower U.S. rate as a sign that there is room for further expansion.

The Staffing Index shown above reflects a EV/NTM EBITDA multiple of 10.5x as of September 2021. Since 2000, the multiple has averaged 9.5x, reaching a peak in January of 2000 and a low in October of 2008. Although expansion has been tempered in recent months by the spread of the Delta variant, valuations remain above pre-pandemic levels. Falling unemployment globally, coupled with lower infection rates, is supporting the heightened multiples.

Key Market Trends

<p>Global Economies Show Robust Recovery</p> <p>Economies continued to show remarkable strength in recovery, propelled by capital markets at all-time highs and falling unemployment.</p>	<p>M&A Resilient With Abundance of Interested Buyers</p> <p>265 HCM deals have been completed in YTD Sep. 2021 vs. 269 deals in all of last year; activity likely to remain strong through the end of the year.</p>	<p>Historic Levels of Dry Powder</p> <p>Armed with brisk fundraising and nearly \$2.3 trillion in dry powder, global PEs are expected to continue driving the unabated dealmaking space.</p>
<p>Competition for Select Assets Driving Valuations</p> <p>Valuations are on the rise in a market filled with buyers holding cash looking to acquire assets to enhance competitive advantages.</p>	<p>Cheap Capital Fueling M&A Activity</p> <p>Low interest rates and a friendly environment for capital raising are fueling M&A activity; U.S. and Europe leveraged at 5.2x and 5.5x EBITDA, respectively.</p>	<p>Investors Keep an Eye on Inflation and Rates</p> <p>Investors are keeping a close look at interest rates with inflation rates rising globally, as regulators decide their next steps.</p>

(1) Staffing Index comprises North America, United Kingdom, Europe, APAC, and rest of world (RoW) select public comps (see "Public Comps: Trading and Operating Performance" for additional detail).

Debt Capital Markets

Trends in Loan Statistics



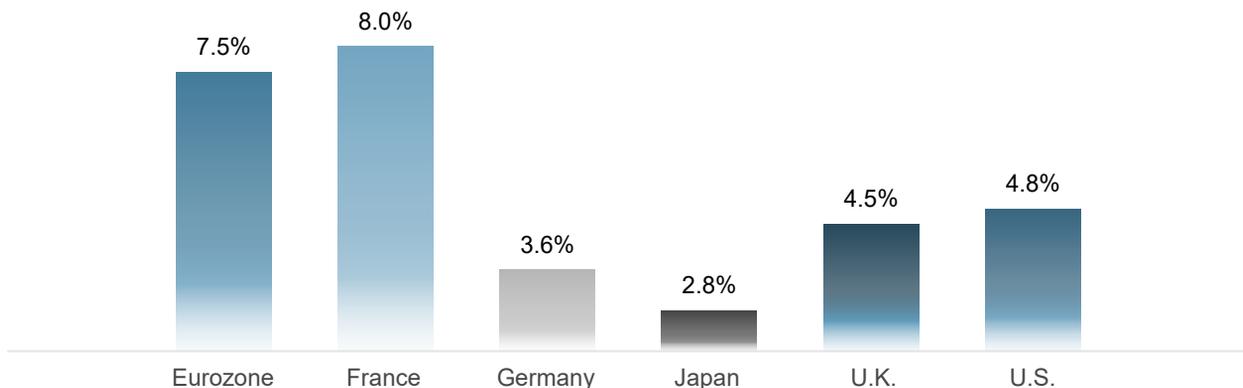
Recent Issuances and Notable Transactions

(\$ in millions)

Date	Borrower	Sponsor(s)	Use	Structure				1st Lien LIBOR Spread	2nd Lien LIBOR Spread	Total Leverage
				Total	RC	1st Lien	2nd Lien			
Sep-21	CHG Healthcare Services	Leonard Green	Recap	\$1,730	\$150	\$1,580	--	375-400	--	--
Sep-21	Cornerstone OnDemand	Clearlake Capital	LBO	\$2,418	\$300	\$2,118	--	400	--	--
Aug-21	Alight Solutions	Blackstone	Acquisition	\$525	--	\$525	--	300	--	--
Aug-21	System One Holdings	Oaktree Capital	Refinancing	\$320	--	\$320	--	400	--	--
Jul-21	EmployBridge	Apollo	LBO	\$1,025	\$300	\$725	--	475	--	--
Mar-21	Virgin Pulse	Marlin Capital	Recap	\$755	\$65	\$505	\$185	400	725	--
Feb-21	TriNet	--	Refinancing	\$500	\$500	--	--	--	--	--
Feb-21	trustaff and Fastaff Travel Nursing	Cornell Capital and Trilantic	LBO	\$575	\$50	\$575	--	425	--	--
Jan-21	System One Holdings	Oaktree Capital	LBO	\$335	\$45	\$290	--	450	--	--
Jan-21	Kronos	Hellman & Friedman	Refinancing	\$3,238	--	\$3,238	--	325	--	--
Nov-20	Bullhorn	Stone Point Capital	LBO	\$940	--	\$940	--	575	--	--
Feb-20	Cast & Crew Entertainment Services	EQT Partners	Acquisition	\$934	--	\$934	--	375	--	--

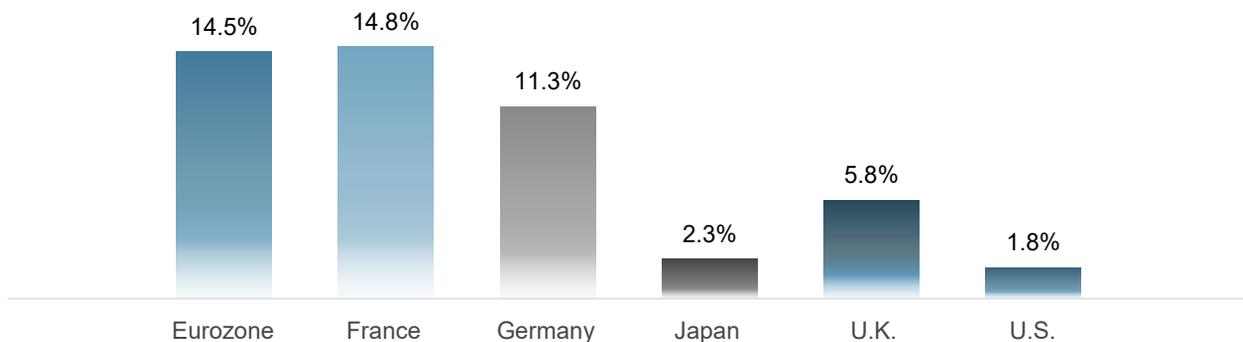
Global Employment Statistics

International Comparison: Unemployment Rates⁽¹⁾



Global unemployment rates continue to fall as economies recover and businesses open up in a post-COVID-19 world, leaving behind the significant volatility and variability experienced in 2020 due to diverse public health actions. OECD predicts unemployment rates to trickle down to 6.5% at the end of 2021.

International Comparison: Temporary Penetration Rates⁽²⁾



Penetration trends in Europe have varied country by country over the past year but remain high overall as a result of stringent protections around permanent employment, causing employers to be more cautious about hiring full-time employees. U.S. penetration has generally increased since the financial crisis and stood at 1.8% as of September 2021.

Sources: Bureau of Labor Statistics (U.S.), Eurostat, Office for National Statistics (U.K.), Statistics Bureau (Japan), OECD, SIA.

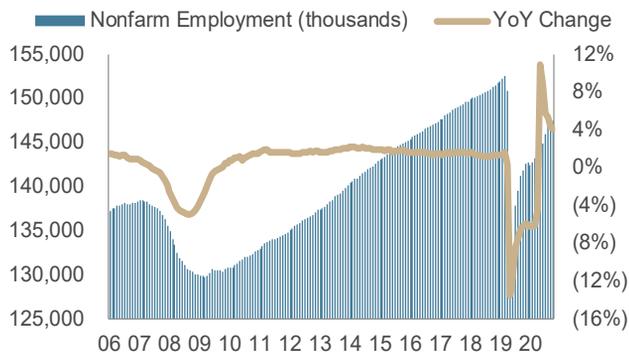
Note: Eurozone comprises the following countries: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Slovenia, and Spain.

(1) U.S. data as of September 2021; U.K. data as of July 2021; all others as of August 2021.

(2) U.S. data as of September 2021; all others as of June 2021.

U.S. Macroeconomic Indicators

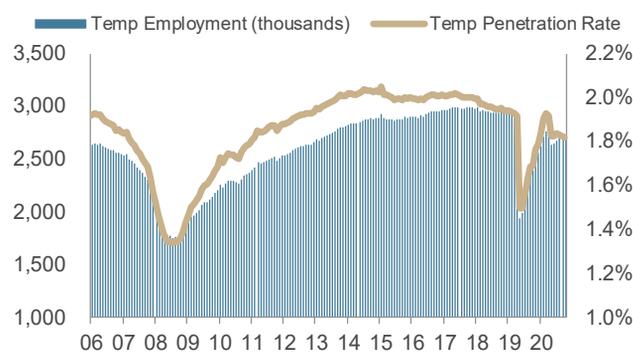
Nonfarm Employment⁽¹⁾ and YoY Change



Source: U.S. Bureau of Labor Statistics.

September 2021 nonfarm employment was 147.5 million, recording a monthly increase of 194,000, a tepid rise compared to the strong gains made since May this year. The 194,000 increase compares to the median gain of 213,000 per month over the previous five years. March to April 2020 saw the largest monthly decline in payrolls since the BLS has been tracking U.S. employment data. Higher overall employment is a driver of HCM revenue.

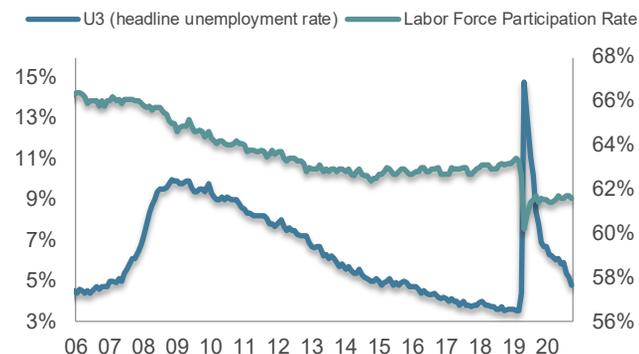
Temp Employment⁽¹⁾ and Penetration



Source: U.S. Bureau of Labor Statistics.

The temporary penetration rate, which measures temporary employment as a percentage of total nonfarm employment, has increased from 1.69% in September 2006 to 1.82% in September 2021. Temporary employment was 2.69 million in September 2021, an increase of 1.9% since December 2006. A higher temporary penetration rate signifies a larger market for HCM businesses.

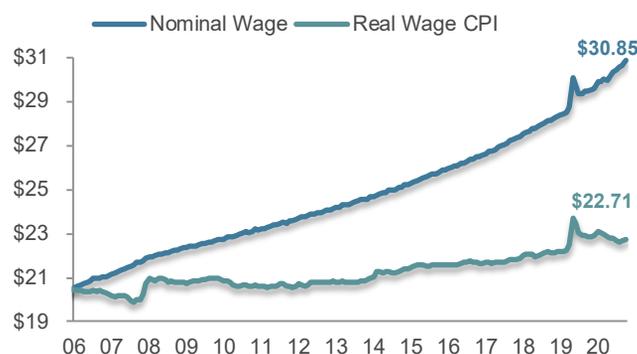
Unemployment Rate and Participation



Source: U.S. Bureau of Labor Statistics.

The unemployment rate was 4.8% in September 2021, while labor force participation was 61.6%. In the past few years, the labor force participation rate has stabilized (before dropping and then recovering in 2020 as a result of the pandemic). The unemployment rate continues to decline since the turn of the year as the economy opens up, with current rates now one-third of the April 2020 peak of 14.8%.

Real and Nominal Wage Growth



Source: U.S. Bureau of Labor Statistics.

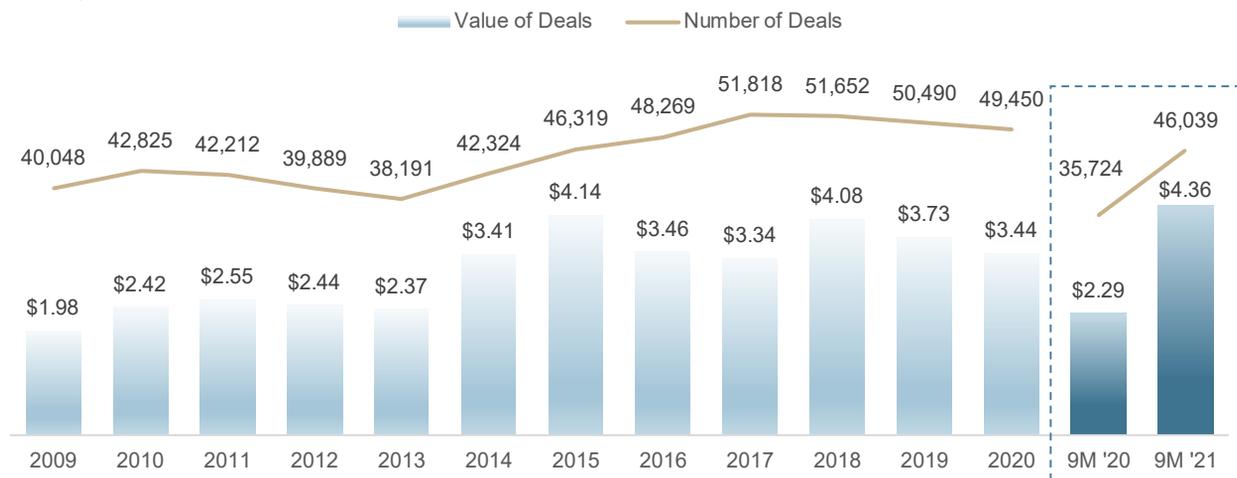
Nominal wages have grown 50.0% since December 2006, with the average hourly wage rate coming in at \$30.85 in September 2021, a 4.6% increase over the rate a year prior. Real wages decreased 0.8% over the same period. Wage growth is a fundamental contributor to the HCM market, especially the staffing segment.

(1) Numbers in thousands.

M&A Market Intelligence

Global M&A Activity

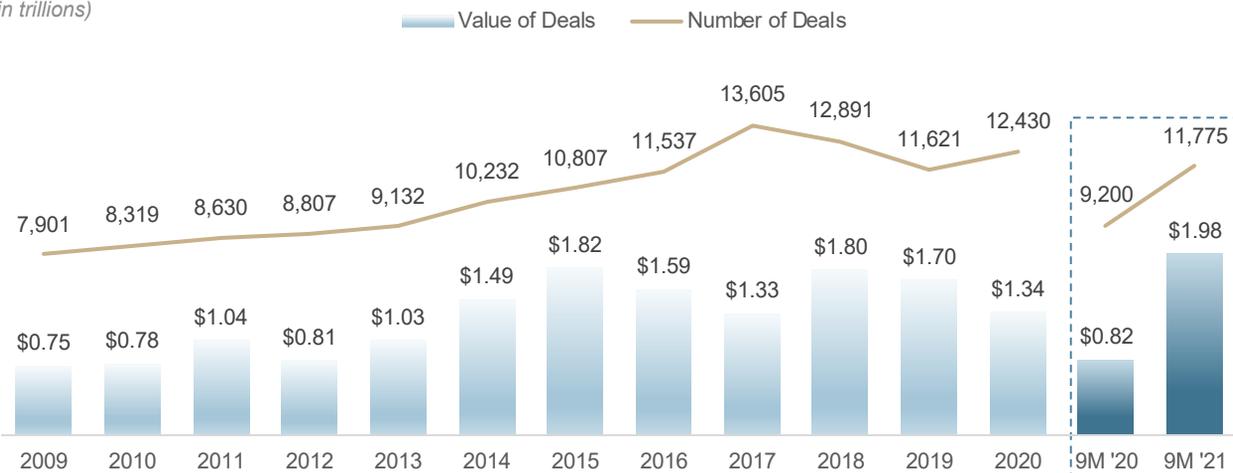
(\$ in trillions)



Global M&A activity in 9M 2021 continued at a record pace with transaction values nearly doubling relative to the same period last year. The increase in deal value partially reflects an environment in which buyers are willing to pay premiums for assets with competitive advantages and technologies after conserving capital during the beginning of 2020. Deal volumes increased 28.9% in 9M 2021 compared to 9M 2020. As businesses continue to move ahead from the pandemic, in an environment with easy access to capital, dealmaking is expected to continue with the focus remaining on value creation and top-line growth.

U.S. M&A Activity

(\$ in trillions)



The U.S. has experienced significant M&A activity this year, with transaction values in 9M 2021 surpassing levels recorded during the entire last year. Deal volume has increased 28.0% in 9M 2021 vs. 9M 2020, on similar lines with global levels. The significant number of big ticket deals this year has resulted in transaction values growing a staggering 140% in 9M 2021 compared to 9M 2020. Deals are accelerating in a fiercely competitive M&A market, with an abundance of willing sellers exiting at premium multiples. The SPAC rush in the first half of 2021 also contributed to the heightened activity in the space, and with the substantial number of SPACs still competing for acquisitions with strategics and sponsors, transaction volumes are expected to continue their uptrend.

Source: Refinitiv.

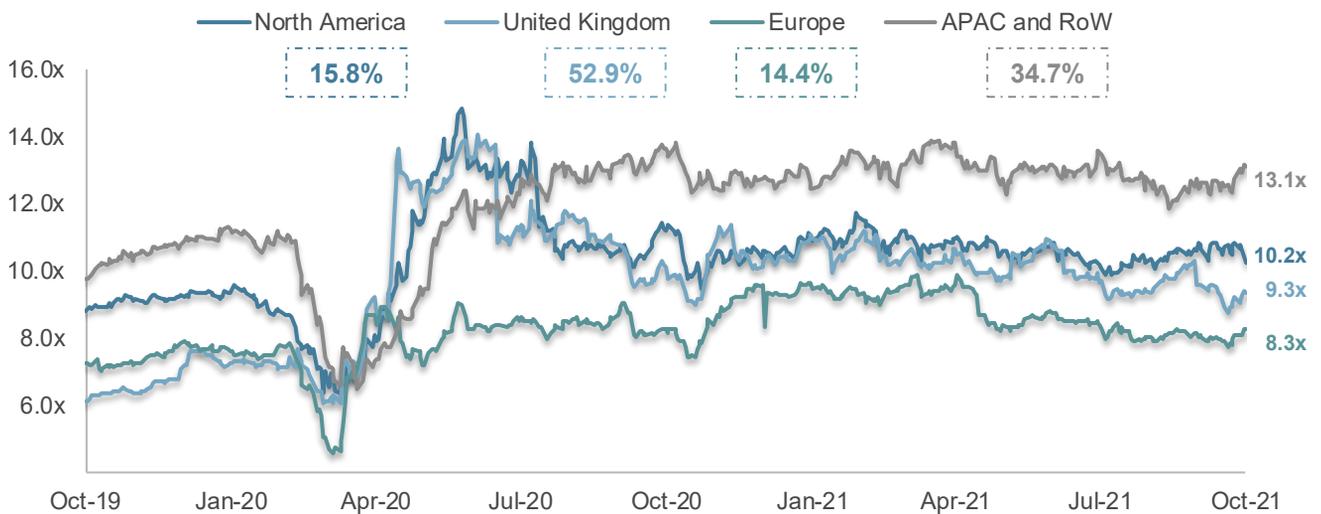
Notes: Regional breakdowns are by target and are based on total number of transactions. Includes minority equity deals, equity carve-outs, exchange offers, open market repurchases, and deals with undisclosed transaction values.

Public Comps—Segment Composition and Performance

North America	United Kingdom	Europe	APAC and RoW
AMN Healthcare	Hays	Adecco	Career International
ASGN	Impellam Group	Allgeier	HRnetGroup
BG Staffing	PageGroup	Amadeus FiRe	LIKE
Computer Task Group	Robert Walters	Brunel	MEITEC
Cross Country Healthcare	Staffline Group	Groupe CRIT	OUTSOURCING
Heidrick & Struggles	SThree	Randstad	Pasona Group
Kelly Services	Count: 6	Synergie	PERSONL
Kforce		Count: 7	Recruit Holdings
Korn Ferry			BeNext-Yumeshin
ManpowerGroup			Trust Tech
RCM Technologies			UT Group
Robert Half			Count: 11
TrueBlue			
Count: 13			

Public Equity Markets Performance: Two-Year Change in EV/NTM EBITDA

Coming out of the remarkable V-shaped recovery in the second quarter of last year, valuations are trending well above pre-pandemic levels across all geographies.



Public Comps—Benchmarking Analysis

Margin: 2021E EBITDA Margin

Margins projections this year are largely in line with historical levels, with cost optimizations undertaken during a difficult 2020 providing further efficiencies.

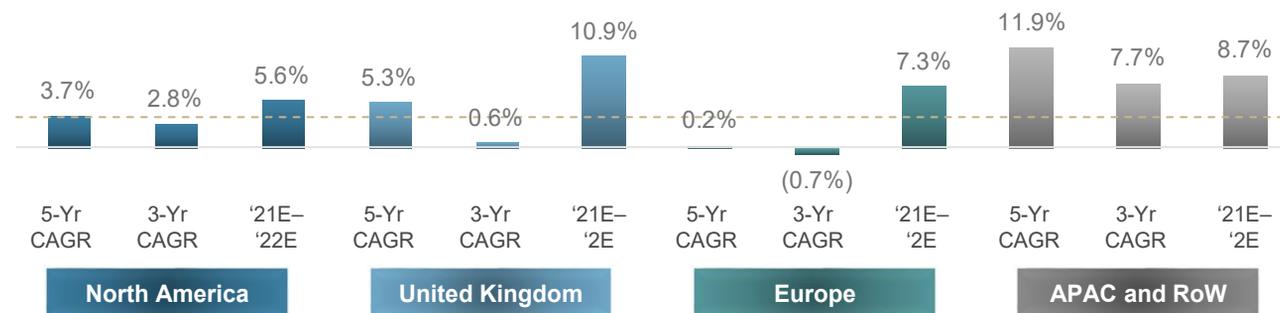
Median 2021E: **6.4%**



Growth: 2021E–2022E Revenue

Staffing revenues are expected to continue on their growth trajectory, as firms move from the pandemic toward a “back-to-normal” scenario in 2022 with more businesses and offices opening up.

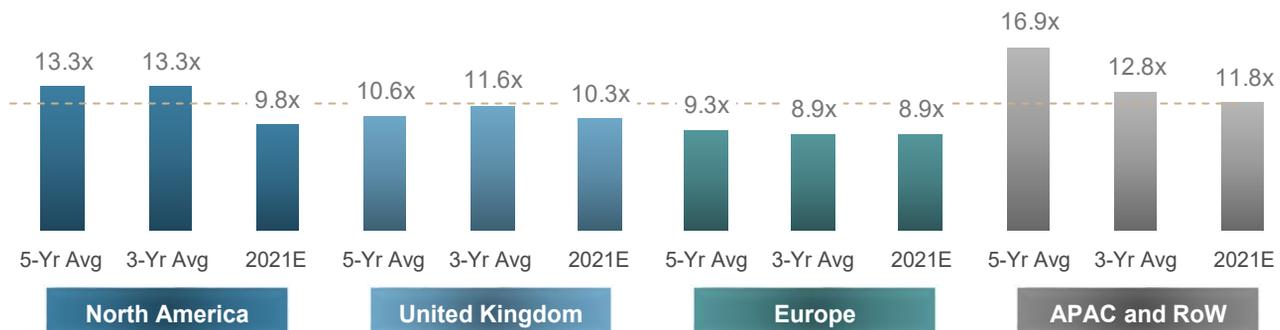
Median 2021E–2022E: **7.6%**



Multiple: Enterprise Value/2021E EBITDA

Valuation multiples continue to remain elevated in 2021, propelled by capital markets reaching all-time highs. Current levels indicate that the markets are pricing in strong near-term growth.

Median 2021E: **9.8x**



Public Comps—Trading and Operating Performance

(\$ in millions, except per share data)												
Company	Sector	Stock Price 10/15/2021	% of 52-Week High	Market Cap.	Enterprise Value	EBITDA		EBITDA Margin		EV/ EBITDA		'21E-'22E Revenue Growth
						2021E	2022E	2021E	2022E	2021E	2022E	
North America												
Robert Half International	Diversified	\$108.95	98.1%	\$12,008	\$11,746	\$830	\$865	13.2%	12.7%	14.2x	13.6x	7.6%
ASGN	Professional	118.70	94.7%	6,279	7,004	460	499	11.7%	11.8%	15.2	14.0	7.6%
ManpowerGroup	Professional	112.69	90.1%	6,112	6,136	679	774	3.2%	3.5%	9.0	7.9	5.6%
AMN Healthcare	Healthcare	94.54	76.4%	4,468	5,257	491	408	15.0%	13.7%	10.7	12.9	(9.5%)
Korn Ferry	Executive Search	75.25	96.6%	4,102	3,986	459	436	19.9%	17.9%	8.7	9.1	5.3%
Kforce	Professional	64.38	93.3%	1,318	1,322	114	119	7.5%	7.5%	11.6	11.1	3.4%
TrueBlue	Diversified	31.05	95.5%	1,102	1,062	87	106	4.1%	4.6%	12.2	10.0	8.0%
Heidrick & Struggles	Executive Search	45.50	90.9%	889	754	124	124	13.3%	13.0%	6.1	6.1	2.4%
Kelly Services	Diversified	19.68	72.9%	775	798	95	128	1.9%	2.4%	8.4	6.2	6.9%
Cross Country Healthcare	Healthcare	18.89	81.4%	718	832	85	59	6.7%	5.5%	9.8	14.2	(15.6%)
BG Staffing	Diversified	12.12	71.7%	126	172	19	24	6.4%	7.2%	8.9	7.3	7.2%
Computer Task Group	Diversified	7.86	67.3%	120	114	17	20	4.3%	4.9%	6.9	5.8	4.9%
RCM Technologies	Diversified	5.99	48.0%	66	78	7	8	3.8%	4.2%	11.2	9.3	9.3%
Average			82.8%					8.5%	8.4%	10.2x	9.8x	3.3%
Median			90.1%					6.7%	7.2%	9.8x	9.3x	5.6%
United Kingdom												
Hays	Diversified	\$2.30	92.1%	\$3,856	\$3,568	\$273	\$356	3.3%	3.8%	13.1x	10.0x	10.9%
PageGroup	Diversified	9.26	97.5%	2,926	2,826	274	310	11.8%	11.9%	10.3	9.1	11.9%
SThree	Diversified	8.05	95.9%	1,084	1,067	91	97	4.9%	4.8%	11.7	11.0	9.7%
Robert Walters	Diversified	10.87	96.3%	792	712	93	106	6.3%	6.4%	7.6	6.7	12.7%
Impellam Group	Diversified	6.28	98.7%	285	323	NM	NM	NM	NM	NM	NM	NM
Staffline Group	Diversified	0.96	75.4%	159	136	19	22	1.4%	1.6%	7.3	6.3	2.5%
Average			92.7%					5.5%	5.7%	10.0x	8.6x	9.5%
Median			96.1%					4.9%	4.8%	10.3x	9.1x	10.9%
Europe												
Randstad	Diversified	\$72.06	92.9%	\$13,257	\$13,772	\$1,519	\$1,660	5.5%	5.7%	9.1x	8.3x	4.8%
The Adecco Group	Diversified	52.75	72.7%	9,164	10,323	1,222	1,409	5.0%	5.3%	8.4	7.3	8.0%
Amadeus FiRe	Professional	216.01	99.3%	1,235	1,394	97	106	22.9%	23.3%	14.4	13.2	7.3%
Synergie	Diversified	44.14	92.4%	1,059	940	169	187	5.6%	5.8%	5.6	5.0	6.5%
Groupe CRIT	Diversified	82.02	92.7%	910	656	127	147	5.5%	5.8%	5.2	4.5	8.8%
Brunel	Diversified	12.90	94.7%	650	559	63	76	6.0%	6.7%	8.9	7.4	9.5%
Allgeier	Diversified	27.67	26.6%	315	369	40	45	9.0%	9.4%	9.2	8.3	5.8%
Average			81.6%					8.5%	8.9%	8.7x	7.7x	7.2%
Median			92.7%					5.6%	5.8%	8.9x	7.4x	7.3%
APAC and RoW												
Recruit	Diversified	\$64.38	100.0%	\$105,219	\$103,837	\$3,379	\$3,659	14.5%	14.6%	30.7x	28.4x	7.3%
Persol	Diversified	25.60	99.7%	5,892	5,873	478	559	5.4%	6.1%	12.3	10.5	4.2%
TechnoPro	Diversified	31.05	95.6%	3,345	3,187	183	186	12.5%	11.7%	17.4	17.2	8.6%
OUTSOURCING	Diversified	17.60	91.0%	2,216	3,177	288	383	6.0%	7.1%	11.0	8.3	11.6%
Career International	Diversified	9.03	83.6%	1,630	1,649	62	88	6.6%	6.9%	26.6	18.8	35.6%
Meitec	Diversified	56.76	92.6%	1,544	1,172	103	121	11.5%	12.4%	11.3	9.7	8.6%
UT Group	Diversified	31.05	89.9%	1,253	1,223	78	119	6.1%	8.0%	15.7	10.3	16.7%
Pasona Group	Diversified	29.34	95.0%	1,148	481	212	228	7.1%	7.2%	2.3	2.1	5.2%
BeNext-Yumeshin	Diversified	12.48	69.1%	1,119	1,038	NM	103	NM	7.9%	NM	10.1	19.5%
HRnetGroup	Diversified	0.60	97.6%	603	393	60	64	15.2%	14.9%	6.5	6.1	8.7%
LIKE	Diversified	14.83	66.0%	283	336	48	50	9.9%	9.7%	7.1	6.7	9.0%
Average			89.1%					9.5%	9.7%	14.1x	11.7x	12.3%
Median			92.6%					8.5%	8.0%	11.8x	10.1x	8.7%
Average			86.1%					8.4%	8.5%	11.0x	9.8x	7.7%
Median			92.6%					6.4%	7.2%	9.8x	9.1x	7.6%

Note: Trading multiples are based on share price, other market data, and broker consensus future earnings estimates from S&P Capital IQ as of October 15, 2021. All financials calendarized to a December year end. Margins and multiples exclude outliers.

Notable Recent M&A Transactions

Date	Target	Acquirer	Target Segment	Target Description
09/30/21	Cella	Randstad	Staffing	Marketing/creative staffing and consulting.
09/07/21	QAPA SA	Adecco Group	Staffing	Offers digital workforce solutions in France.
08/24/21	ettain Group, LLC	ManpowerGroup	Staffing	Leading healthcare and IT staffing solutions provider.
08/17/21	Workforce Logiq	PRO Unlimited	VMS/MSP/RPO	VMS, MSP, RPO, and direct sourcing talent solutions.
08/05/21	Cornerstone OnDemand	Clearlake Capital Group	ATS/Talent Mgmt/Development	Provides talent management software-as-a-service solutions.
07/15/21	GP Strategies Corp.	Learning Technologies Group	ATS/Talent Mgmt/Development	Performance improvement and learning solutions worldwide.
07/01/21	Oxford Global Resources	H.I.G. Capital	Staffing	IT, engineering, and regulatory and compliance consultants, project teams, and strategic outsourcing.
06/28/21	PRO Unlimited	EQT Partners	VMS/MSP/RPO	Contingent workforce management solutions for global and Fortune 500 companies worldwide.
06/08/21	Workforce Solutions Group Inc.	Cross Country Healthcare	VMS/MSP/RPO	Consulting and talent management solutions to its healthcare clients.
06/03/21	EmployBridge	Apollo	Staffing	Skilled light industrial staffing.
05/25/21	True Talent Advisory	LLR Partners	Staffing	Global executive search for tech-focused, consumer, and life sciences brands.
05/21/21	The Planet Group	ProPharma Group (Odyssey)	Staffing	Professional staffing and niche consulting services to diverse industries.
04/06/21	iWorkGlobal LLC	Velocity Global BV (FFL Partners)	Payroll/PEO	Provides hiring, benefits, onboarding, compliance, and agent-of-record services.
04/06/21	Velocity Global	FFL Partners	Payroll/PEO	Provides services compliance, payroll, consulting, and immigration solutions.
04/06/21	Softworld	Kelly Services	Staffing	Technical staffing, recruiting, and project services.
04/01/21	I.T. Works Recruitment	The Planet Group (MidOcean Partners)	Staffing	Tech recruitment firm that provides permanent and contract positions.
03/29/21	The Execu Search Group	Mill Rock Capital	Staffing	Temporary staffing, permanent placement, and workforce management solutions to clients.
03/23/21	Calabrio	Thoma Bravo	VMS/MSP/RPO	Provides workforce management solutions through cloud-first software solutions.
02/24/21	Fastaff Travel Nursing/ U.S. Nursing	Cornell Capital LLC and Trilantic North America	Staffing	Travel nurse staffing and strike preparedness solutions.
02/19/21	Wilson Human Capital Group	3i Group plc	Staffing	Provides talent solutions, including RPO, executive search, contingent talent solutions, and talent consulting services.
02/11/21	Medpath Partners	Health Carousel	Staffing	Staffing solutions for healthcare industry.
02/11/21	Brainnet	PRO Unlimited (Harvest Partners)	VMS/MSP/RPO	Independent managed service provider in the Netherlands.
02/11/21	Medpath Partners	Health Carousel	Staffing	Staffing solutions for healthcare industry.
02/08/21	trustaff	Cornell Capital and Trilantic North America	Staffing	Leading travel nurse and allied healthcare staffing services and managed cardio physician department outsourcing.
02/02/21	People 2.0	TPG Growth	Payroll/PEO	Business process outsourcing services for the staffing and recruiting industry.
01/14/21	Vitruvian Medical	Health Carousel	Staffing	Locum tenens for anesthesiologists and certified registered nurse anesthetists.

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